

111TH CONGRESS  
1ST SESSION

# H. R. 3722

To amend the Small Business Investment Act of 1958 to improve the New Markets Venture Capital and Renewable Fuel Capital Investment Programs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 6, 2009

Mrs. KIRKPATRICK of Arizona introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Investment Act of 1958 to improve the New Markets Venture Capital and Renewable Fuel Capital Investment Programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Enhanced New Mar-  
5 kets and Expanded Investment in Renewable Energy for  
6 Small Manufacturers Act of 2009”.

1 **TITLE I—ENHANCED NEW MAR-**  
2 **KETS VENTURE CAPITAL**  
3 **PROGRAM**

4 **SEC. 101. EXPANSION OF NEW MARKETS VENTURE CAPITAL**  
5 **PROGRAM.**

6 (a) ADMINISTRATION PARTICIPATION REQUIRED.—  
7 Section 353 of the Small Business Investment Act of 1958  
8 (15 U.S.C. 689b) is amended by striking “under which  
9 the Administrator may” and inserting “under which the  
10 Administrator shall”.

11 (b) REPORT TO CONGRESS.—Not later than 1 year  
12 after the date of the enactment of this Act, the Adminis-  
13 trator of the Small Business Administration shall submit  
14 to Congress a report describing any expansion of the New  
15 Markets Venture Capital Program as a result of this sec-  
16 tion.

17 **SEC. 102. IMPROVED NATIONWIDE DISTRIBUTION.**

18 Section 354 of the Small Business Investment Act  
19 of 1958 (15 U.S.C. 689c) is amended by adding at the  
20 end the following:

21 “(f) GEOGRAPHIC EXPANSION.—From among com-  
22 panies submitting applications under subsection (b), the  
23 Administrator shall consider the selection criteria and pro-  
24 motion of nationwide distribution under subsection (c) and  
25 shall, to the extent practicable, approve at least one com-

pany from each geographic region of the Small Business Administration.”.

**SEC. 103. INCREASED INVESTMENT IN SMALL BUSINESS  
CONCERNS ENGAGED PRIMARILY IN MANUFACTURING.**

(a) DEVELOPMENTAL VENTURE CAPITAL AND PARTICIPATION AGREEMENTS.—Section 351 of the Small Business Investment Act of 1958 (15 U.S.C. 689) is amended—

(1) in paragraph (1) by inserting after “geographic areas” the following: “or encouraging the growth or continuation of small business concerns located in low-income geographic areas and engaged primarily in manufacturing”; and

(2) in paragraph (6)(B) by inserting after “geographic areas” the following: “or in small business concerns located in low-income geographic areas at least 80 percent of which are engaged primarily in manufacturing”.

(b) PURPOSES.—Section 352(2) of the Small Business Investment Act of 1958 (15 U.S.C. 689a(2)) is amended—

(1) in the matter preceding subparagraph (A) by inserting after “geographic areas” the following: “and small business concerns located in low-income

1 geographic areas and engaged primarily in manufac-  
2 turing”;

3 (2) in subparagraph (B) by inserting after “ge-  
4 ographic areas” the following: “or in small business  
5 concerns located in low-income geographic areas and  
6 engaged primarily in manufacturing”; and

7 (3) in subparagraph (C) by inserting after  
8 “smaller enterprises” the following: “and small busi-  
9 ness concerns”.

10 (c) ELIGIBILITY, APPLICATIONS, AND REQUIRE-  
11 MENTS FOR FINAL APPROVAL.—Section 354 of the Small  
12 Business Investment Act of 1958 (15 U.S.C. 689c), as  
13 amended by this Act, is further amended—

14 (1) in subsection (a)(3) by inserting after “geo-  
15 graphic areas” the following: “or investing in small  
16 business concerns located in low-income geographic  
17 areas and engaged primarily in manufacturing”;

18 (2) in subsection (b)—

19 (A) in paragraph (1) by inserting after  
20 “geographic areas” the following: “or in small  
21 business concerns located in low-income geo-  
22 graphic areas and engaged primarily in manu-  
23 facturing”; and

1 (B) in paragraph (4) by inserting after  
2 “smaller enterprises” the following: “or small  
3 business concerns”; and  
4 (3) in subsection (d)—

5 (A) in paragraph (1)—

6 (i) by striking “Each” and inserting  
7 the following:

8 “(A) IN GENERAL.—Except as provided in  
9 subparagraph (B), each”; and

10 (ii) by adding at the end the fol-  
11 lowing:

12 “(B) SMALL BUSINESS CONCERNS EN-  
13 GAGED PRIMARILY IN MANUFACTURING.—Each  
14 conditionally approved company engaged pri-  
15 marily in development of and investment in  
16 small business concerns located in low-income  
17 geographic areas and engaged primarily in  
18 manufacturing shall raise not less than  
19 \$3,000,000 of private capital or binding capital  
20 commitments from one or more investors (other  
21 than agencies or departments of the Federal  
22 Government) who met criteria established by  
23 the Administrator.”; and

1 (B) in paragraph (2)(A) by inserting after  
 2 “smaller enterprises” the following: “or small  
 3 business concerns”.

4 (d) OPERATIONAL ASSISTANCE GRANTS.—Section  
 5 358 of the Small Business Investment Act of 1958 (15  
 6 U.S.C. 689g) is amended—

7 (1) in subsection (a)(1) by inserting after  
 8 “smaller enterprises” the following: “and small busi-  
 9 ness concerns”; and

10 (2) in subsection (b)(1) by inserting after  
 11 “smaller enterprises” the following: “and small busi-  
 12 ness concerns”.

13 **SEC. 104. EXPANDED USES FOR OPERATIONAL ASSISTANCE**  
 14 **IN MANUFACTURING.**

15 Section 351 of the Small Business Investment Act  
 16 of 1958 (15 U.S.C. 689), as amended by this Act, is fur-  
 17 ther amended in paragraph (5) by inserting after “busi-  
 18 ness development” the following: “or assistance that as-  
 19 sists a small business concern located in a low-income geo-  
 20 graphic area and engaged primarily in manufacturing with  
 21 retooling, updating, or replacing machinery or equip-  
 22 ment”.

1 **SEC. 105. UPDATING DEFINITION OF LOW-INCOME GEO-**  
 2 **GRAPHIC AREA.**

3 Section 351 of the Small Business Investment Act  
 4 of 1958 (15 U.S.C. 689), as amended by this Act, is fur-  
 5 ther amended—

6 (1) by striking paragraphs (2) and (3);

7 (2) by inserting after paragraph (1) the fol-  
 8 lowing:

9 “(2) LOW-INCOME GEOGRAPHIC AREA.—The  
 10 term ‘low-income geographic area’ has the meaning  
 11 given the term ‘low-income community’ in section  
 12 45D(e) of the Internal Revenue Code of 1986.”; and

13 (3) by redesignating paragraphs (4) through  
 14 (8) as paragraphs (3) through (7), respectively.

15 **SEC. 106. EXPANDING OPERATIONAL ASSISTANCE TO CON-**  
 16 **DITIONALLY APPROVED COMPANIES.**

17 Section 358(a) of the Small Business Investment Act  
 18 of 1958 (15 U.S.C. 689g(a)) is amended by adding at the  
 19 end the following:

20 “(6) GRANTS TO CONDITIONALLY APPROVED  
 21 COMPANIES.—

22 “(A) IN GENERAL.—Subject to the provi-  
 23 sions of this paragraph, upon the request of a  
 24 company conditionally approved under section  
 25 354(c), the Administrator shall make a grant to  
 26 the company under this subsection.

1           “(B) REPAYMENT BY COMPANIES NOT AP-  
2           PROVED.—If a company receives a grant under  
3           this paragraph and does not receive final ap-  
4           proval under section 354(e), the company shall  
5           repay the amount of the grant to the Adminis-  
6           trator.

7           “(C) DEDUCTION FROM GRANT TO AP-  
8           PROVED COMPANY.—If a company receives a  
9           grant under this paragraph and receives final  
10          approval under section 354(e), the Adminis-  
11          trator shall deduct the amount of such grant  
12          from the amount of any immediately succeeding  
13          grant the company receives for operational as-  
14          sistance.

15          “(D) AMOUNT OF GRANT.—No company  
16          may receive a grant of more than \$50,000  
17          under this paragraph.”.

18 **SEC. 107. LIMITATION ON TIME FOR FINAL APPROVAL.**

19          Section 354(d) of the Small Business Investment Act  
20          of 1958 (15 U.S.C. 689c(d)) is amended in the matter  
21          preceding paragraph (1) by striking “a period of time, not  
22          to exceed 2 years,” and inserting “2 years”.



1 **SEC. 108. STREAMLINED APPLICATION FOR NEW MARKETS**  
 2 **VENTURE CAPITAL PROGRAM.**

3 Not later than 60 days after the date of the enact-  
 4 ment of this Act, the Administrator of the Small Business  
 5 Administration shall prescribe standard documents for a  
 6 New Markets Venture Capital company final approval ap-  
 7 plication under section 354(e) of the Small Business In-  
 8 vestment Act of 1958 (15 U.S.C. 689c(e)). The Adminis-  
 9 trator shall ensure that the standard documents are de-  
 10 signed to substantially reduce the cost burden of the appli-  
 11 cation process for companies.

12 **SEC. 109. ELIMINATION OF MATCHING REQUIREMENT.**

13 Section 354(d)(2)(A)(i) of the Small Business Invest-  
 14 ment Act of 1958 (15 U.S.C. 689c(d)(2)(A)(i)) is amend-  
 15 ed—

16 (1) in subclause (I) by adding “and” at the  
 17 end;

18 (2) in subclause (II) by striking “and” at the  
 19 end; and

20 (3) by striking subclause (III).

21 **SEC. 110. SIMPLIFIED FORMULA FOR OPERATIONAL AS-**  
 22 **SISTANCE GRANTS.**

23 Section 358(a)(4)(A) of the Small Business Invest-  
 24 ment Act of 1958 (15 U.S.C. 689g(a)(4)(A)) is amend-  
 25 ed—

1 (1) by striking “shall be equal to” and all that  
 2 follows through the period at the end and inserting  
 3 “shall be equal to the lesser of—”; and

4 (2) by adding at the end the following:

5 “(i) 10 percent of the resources (in  
 6 cash or in-kind) raised by the company  
 7 under section 354(d)(2); or

8 “(ii) \$1,000,000.”.

9 **SEC. 111. AUTHORIZATION OF APPROPRIATIONS AND EN-**  
 10 **HANCED ALLOCATION FOR SMALL MANUFAC-**  
 11 **TURING.**

12 Section 368(a) of the Small Business Investment Act  
 13 of 1958 (15 U.S.C. 689q(a)) is amended—

14 (1) in the matter preceding paragraph (1) by  
 15 striking “fiscal years 2001 through 2006” and in-  
 16 serting “fiscal years 2010 and 2011”;

17 (2) in paragraph (1)—

18 (A) by striking “\$150,000,000” and in-  
 19 serting “\$100,000,000”; and

20 (B) by inserting before the period at the  
 21 end the following: “, of which not less than 50  
 22 percent shall be used to guarantee debentures  
 23 of companies engaged primarily in development  
 24 of and investment in small business concerns lo-

cated in low-income geographic areas and engaged primarily in manufacturing”; and

(3) in paragraph (2)—

(A) by striking “\$30,000,000” and inserting “\$20,000,000”; and

(B) by inserting before the period at the end the following: “, of which not less than 50 percent shall be used to make grants to companies engaged primarily in development of and investment in small business concerns located in low-income geographic areas and engaged primarily in manufacturing”.

## **TITLE II—EXPANDED INVESTMENT IN SMALL BUSINESS RENEWABLE ENERGY**

### **SEC. 201. EXPANDED INVESTMENT IN RENEWABLE ENERGY.**

Part C of title III of the Small Business Investment Act of 1958 (15 U.S.C. 690 et seq.) is amended—

(1) in the heading by striking “**RENEWABLE FUEL CAPITAL INVESTMENT**” and inserting “**RENEWABLE ENERGY CAPITAL INVESTMENT**”;

(2) in the heading of paragraph (4) of section 381 by striking “RENEWABLE FUEL CAPITAL IN-

1 VESTMENT” and inserting “RENEWABLE ENERGY  
2 CAPITAL INVESTMENT”;

3 (3) in the heading of section 384 by striking  
4 “RENEWABLE FUEL CAPITAL INVESTMENT” and  
5 inserting “RENEWABLE ENERGY CAPITAL IN-  
6 VESTMENT”; and

7 (4) by striking “Renewable Fuel Capital Invest-  
8 ment” each place it appears and inserting “Renew-  
9 able Energy Capital Investment”.

10 **SEC. 202. RENEWABLE ENERGY CAPITAL INVESTMENT PRO-**  
11 **GRAM MADE PERMANENT.**

12 Part C of title III of the Small Business Investment  
13 Act of 1958 (15 U.S.C. 690 et seq.), as amended by this  
14 Act, is further amended—

15 (1) in the heading by striking “PILOT”; and

16 (2) by striking section 398.

17 **SEC. 203. EXPANDED ELIGIBILITY FOR SMALL BUSINESSES.**

18 Part C of title III of the Small Business Investment  
19 Act of 1958 (15 U.S.C. 690 et seq.), as amended by this  
20 Act, is further amended by striking “smaller enterprises”  
21 each place it appears and inserting “small business con-  
22 cerns”.

1 **SEC. 204. EXPANDED USES FOR OPERATIONAL ASSISTANCE**  
2 **IN MANUFACTURING AND SMALL BUSI-**  
3 **NESSES.**

4 Section 381(1) of the Small Business Investment Act  
5 of 1958 (15 U.S.C. 690(1)) is amended by inserting after  
6 “business development” the following: “, assistance that  
7 assists a small business concern to reduce energy con-  
8 sumption, or assistance that assists a small business con-  
9 cern engaged primarily in manufacturing with retooling,  
10 updating, or replacing machinery or equipment”.

11 **SEC. 205. EXPANSION OF RENEWABLE ENERGY CAPITAL IN-**  
12 **VESTMENT PROGRAM.**

13 (a) ADMINISTRATION PARTICIPATION REQUIRED.—  
14 Section 383 of the Small Business Investment Act of 1958  
15 (15 U.S.C. 690b) is amended by striking “under which  
16 the Administrator may” and inserting “under which the  
17 Administrator shall”.

18 (b) REPORT TO CONGRESS.—Not later than 1 year  
19 after the date of the enactment of this Act, the Adminis-  
20 trator of the Small Business Administration shall submit  
21 to Congress a report describing any expansion of the Re-  
22 newable Energy Capital Investment Program as a result  
23 of this section.

1 **SEC. 206. SIMPLIFIED FEE STRUCTURE TO EXPEDITE IM-**  
2 **PLEMENTATION.**

3 Section 387(a) of the Small Business Investment Act  
4 of 1958 (15 U.S.C. 690f(a)) is amended by striking “or  
5 grant”.

6 **SEC. 207. INCREASED OPERATIONAL ASSISTANCE GRANTS.**

7 Section 397(a) of the Small Business Investment Act  
8 of 1958 (15 U.S.C. 690p(a)) is amended by inserting after  
9 “and 2009” the following: “and \$30,000,000 in such  
10 grants for each of fiscal years 2010 and 2011”.

11 **SEC. 208. AUTHORIZATIONS OF APPROPRIATIONS.**

12 Section 397 of the Small Business Investment Act  
13 of 1958 (15 U.S.C. 690p) is amended—

14 (1) in the heading by inserting after “**APPRO-**  
15 **PRIATIONS**” the following: “**AND PROGRAM LEV-**  
16 **ELS**”; and

17 (2) by adding at the end the following:

18 “(c) PROGRAM LEVELS.—For the programs author-  
19 ized by this part, the Administration is authorized to make  
20 \$1,000,000,000 in guarantees of debentures for each of  
21 fiscal years 2010 and 2011.”.

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